



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE  
CHIEF DEPUTY

December 27, 2007

TO: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley  
Auditor-Controller

A handwritten signature in cursive script, appearing to read "Wendy L. Watanabe for", is written over the "FROM:" line.

SUBJECT: **THE COMMUNITY COLLEGE FOUNDATION CONTRACT – A  
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT  
ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of The Community College Foundation (TCCF or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

DCSS contracts with TCCF, a private non-profit organization to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. TCCF's offices are located in the First and Second Districts.

TCCF is compensated on a cost reimbursement basis. TCCF's contract was for \$153,057 for Fiscal Year 2006-07.

### **Purpose/Methodology**

The purpose of the review was to determine whether TCCF has complied with its contract terms and appropriately accounted for and spent WIA funds in providing services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines. In addition, we interviewed a selected number of the Agency's staff and clients.

### **Results of Review**

TCCF billed CSS \$15,019 in unsupported and unallowable expenditures. At the time of our review, TCCF also had not repaid CSS \$2,635 in unsupported expenditures which we had identified in the prior year's monitoring review.

Examples where the Agency did not comply with the County contract include the following:

- TCCF did not maintain appropriate documentation to support program eligibility for nine (90%) of the ten participants sampled.
- TCCF did not report the participants' program activities for four (40%) of the ten participants sampled on the Job Training Automation system.
- TCCF did not administer the post-assessment exams for five (50%) of the 10 participants sampled within one year of their pre-assessment exams.
- TCCF did not discuss the Individual Services Strategy Plans with the participants for three (30%) of the ten participants sampled on a monthly basis.
- TCCF did not properly tag three (75%) of the four equipment items purchased with WIA funds with the County property tags and could not locate one item purchased with WIA funds totaling \$771.

In addition, TCCF did not implement 18 (86%) of the 21 recommendations contained in our prior monitoring report. As a result, many of the issues in the prior monitoring review were also noted during the current monitoring review. TCCF indicated that they plan on taking corrective action to prevent these findings in the future.

Details of our review along with recommendations for corrective action are attached.

**Review of Report**

We discussed our report with TCCF and CSS on November 15, 2007. In their attached response, TCCF concurred with our findings and recommendations. We thank TCCF for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
David R. Springett, President, The Community College Foundation  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
THE COMMUNITY COLLEGE FOUNDATION  
FISCAL YEAR 2006-07**

**ELIGIBILITY**

**Objective**

Determine whether The Community College Foundation (TCCF or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 10 (40%) of the 25 program participants that received services between July 2006 and March 2007 for documentation to confirm their eligibility for WIA services.

**Results**

TCCF did not maintain appropriate documentation for nine (90%) of the ten participants sampled to support their eligibility. Specifically, TCCF did not maintain documentation to support the participants' homeless status, low income, residence, and/or basic skills deficient assessments as required by WIA guidelines. TCCF billed Community and Senior Services (CSS) \$3,540 in direct supportive services provided to seven of the nine ineligible individuals. TCCF also may have billed CSS for other direct and indirect services for the nine ineligible individuals. Similar findings were also noted in the prior year's monitoring report.

**Recommendations**

**TCCF management:**

- 1. Repay CSS \$3,540 and for any additional costs incurred in providing services to the nine ineligible participants.**
- 2. Ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**
- 3. Review the eligibility of all program participants and repay CSS for services provided to participants that were ineligible to receive services.**

**BILLED SERVICES/CLIENT VERIFICATION****Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for 10 (40%) participants that received services during July 2006 through March 2007. We also interviewed two participants.

**Results**

The two participants interviewed stated that the services they received met their expectations. However, TCCF did not always comply with WIA and County contract requirements. Specifically, TCCF:

- Did not report the participants' program activities for four (40%) of the ten participants sampled such as supportive services on the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. This finding was also noted in the prior year's monitoring report.
- Did not administer the post-assessment exams for five (50%) of the 10 participants sampled within one year of their pre-assessment exams. This finding was also noted in the prior year's monitoring report.
- Did not complete the Individual Services Strategy (ISS) plans for one (10%) of the ten participants sampled. Specifically, TCCF did not identify or establish the participant's goals. The ISS plans are used to track the needs and services of the program participants and their progress towards achieving established goals. This finding was also noted in the prior year's monitoring report.
- Did not discuss the ISS plans for three (30%) of the 10 participants sampled on a monthly basis. This finding was also noted in the prior year's monitoring report.

**Recommendations****TCCF management:**

4. **Ensure that staff update the Job Training Automation system to reflect the participants' program activities.**

5. **Ensure that staff complete the post-assessment exams within one year of the pre-assessment exams.**
6. **Ensure that staff complete and discuss the ISS plans with the participants on a monthly basis.**

### **CASH/REVENUE**

#### **Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

#### **Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's January 2007 bank reconciliation.

#### **Results**

TCCF's financial records reported \$1,850 more WIA revenue than received resulting in inaccurate accounting records. Specifically, TCCF recorded \$13,340 in cash receipts from CSS for December 2006 and \$10,480 for January 2007. However, CSS paid TCCF \$11,530 for December 2006 and \$10,440 for January 2007. According to Agency personnel, the cash receipts were recorded based on the amounts billed to CSS not the amounts received.

In addition, TCCF's bank reconciliation was not reviewed or signed by the preparer and reviewer. TCCF also did not obtain two authorized signatures on all checks as required by the County contract. TCCF's accounting manual requires only one signature for checks under \$50,000. Similar findings were also noted in the prior year's monitoring report.

#### **Recommendations**

##### **TCCF management:**

7. **Adjust the cash receipts journal to accurately reflect cash receipts and ensure that actual cash receipts are recorded when payments are received.**
8. **Ensure that the bank reconciliations are reviewed and signed by the preparer and reviewer.**
9. **Ensure that all checks are signed by two authorized personnel.**

10. Ensure that the Agency's accounting manual is in compliance with the County contract.

### **EXPENDITURES/PROCUREMENT**

#### **Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

#### **Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 19 non-payroll expenditure transactions billed by the Agency for August and December 2006, totaling \$8,260.

#### **Results**

TCCF did not maintain adequate documentation to support program expenditures and inappropriately billed CSS for non-WIA expenditures. TCCF also billed CSS for costs incurred during the prior contract period. Further, TCCF did not credit or repay CSS for an expenditure that was refunded. The unsupported and unallowable expenditures totaled \$1,668. Similar findings were also noted in the prior year's monitoring report.

#### **Recommendations**

##### **TCCF management:**

11. Repay CSS \$1,668.
12. Ensure the adequate documentation is maintained to support the program expenditures.
13. Ensure that expenditures billed to CSS are WIA program related.
14. Ensure that expenditures billed to CSS are for costs incurred during the contract period.
15. Credit or repay CSS when refunds are received for expenditures CSS previously reimbursed.

**INTERNAL CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Generally, TCCF maintained sufficient internal controls over its business operations. However, TCCF did not always comply with WIA and County contract requirements. Specifically, TCCF:

- Did not maintain an appropriate procedural manual for administering the WIA Youth Program. TCCF's procedural manual consisted of various program directives. TCCF's manual did not identify specific procedures for administering the program, such as how staff should screen and document the participants' eligibility, how often the staff should discuss the goals with the participants, how to determine the length of time program services will be needed or when the staff should administer the post-assessment exam for basic skills deficient participants. This finding was also noted in the prior year's monitoring report.
- Did not maintain a policy on Child Abuse Prevention Reporting.
- Did not mark invoices and other supporting documentation as "paid".

**Recommendations****TCCF management:**

- 16. Develop and distribute the WIA program procedural manual and ensure that staff comply with the program requirements.**
- 17. Develop a Child Abuse Prevention Reporting policy and distribute to staff.**
- 18. Ensure that invoices and other supporting documentations are marked "paid."**



**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether TCCF's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's inventory listing. In addition, we performed a physical inventory and reviewed the usage of the four (100%) items funded by WIA funds, totaling \$3,799.

**Results**

TCCF could not locate one (25%) of the four items purchased with WIA funds totaling \$771. TCCF also did not properly tag three (75%) of the four items with County property tags as required by the County contract. We were unable to verify whether the one remaining item was properly tagged with County property tags since TCCF was unable to locate the item.

TCCF did not maintain a complete inventory listing. Specifically, TCCF's inventory listing did not include the two laptops purchased in June 2006 or identify the County tag numbers, locations and/or the purchase order numbers of all four items as required by the County contract.

In addition, the two laptops were purchased without prior written approval from CSS. The County contract requires the contractor to obtain prior written approval from CSS for purchases before the last two months of the contract period. TCCF also did not maintain adequate documentation, such as a purchase order, to support the laptops purchased and used for the WIA program and billed CSS \$1,543 instead of the actual cost of \$1,460.

**Recommendations****TCCF management:**

- 19. Repay CSS \$2,314 or obtain approval for the equipment purchases from CSS.**
- 20. Locate the missing equipment.**
- 21. Ensure that equipment purchased with WIA funds are properly tagged.**
- 22. Ensure that the Agency's equipment and inventory listing is complete.**

23. Ensure that supplies are not purchased within the last two months of the contract period without prior written approval from CSS.

### **PAYROLL AND PERSONNEL**

#### **Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

#### **Verification**

We traced the payroll expenditures for five employees totaling \$5,454 for January 2007 to the Agency's payroll records and time reports. We also interviewed one employee and reviewed the personnel files for five employees assigned to the WIA program.

#### **Results**

TCCF billed CSS \$5,454 in unsupported payroll expenditures. Specifically, TCCF's employee timecards did not indicate the hours worked each day by program for all five employees as required by the County contract. This finding was also noted in the prior two year's monitoring reports.

TCCF also did not provide the personnel files for the five employees assigned to the WIA program. TCCF management stated that the personnel files are kept in their Sacramento office and only authorized personnel have access to these confidential files. The County contract requires contractors to provide all program related records, participant files and other documentation requested by the County for inspection and audit by any federal, State or County agency upon request.

Subsequent to our review, TCCF's Human Resources personnel certified that the personnel files for all five employees assigned to the WIA program contained a criminal record clearance, proof of employability, an application and resume, current driver's license, proof of automobile insurance and annual performance evaluations. However, TCCF did not maintain job descriptions for four (80%) of the five employees in their personnel files as required by the County contract. A similar finding was also noted in their prior year's monitoring report.

#### **Recommendations**

**TCCF management:**

24. Repay CSS \$5,454.

25. Ensure that employees' timecards indicate the hours worked each day by program.

26. Ensure that the required documentation is maintained in the personnel files.

### **COST ALLOCATION PLAN**

#### **Objective**

Determine whether TCCF's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

#### **Verification**

We reviewed TCCF's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during August and December 2006 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

#### **Results**

As previously indicated, TCCF's payroll expenditures were not supported with timecards. As a result, we could not determine whether the payroll expenditures were appropriately allocated to the program.

TCCF also inappropriately charged expenditures to one cost category to another without CSS's approval. For example, TCCF allocated "On the Job Training/Work Experience" expenditures as "Incentives" and "Staff Development" as "On the Job Training/Work Experience" without prior authorization from CSS. TCCF indicated that they obtained verbal authorization from CSS management to move funds from one cost category to another. However, the County contract requires such modifications be agreed upon in writing by both TCCF and CSS.

#### **Recommendations**

##### **TCCF management:**

27. Obtain written approval from CSS prior to moving funds from one cost category to another as required by the County contract.
28. Ensure that expenditures are properly allocated based on the Agency's Cost Allocation Plan.

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice reconciles to the Agency's financial accounting records.

**Verification**

We traced the Agency's FY 2005-06 general ledger to the Agency's final close-out invoice for FY 2005-06. In addition, we reviewed a sample of expenditures incurred in June 2006.

**Results**

TCCF's FY 2005-06 general ledger reconciled to the Agency's FY 2005-06 final close-out invoice. However, TCCF overbilled DCSS \$2,043 for unsupported and unallowable expenditures. Specifically:

- TCCF did not maintain adequate documentation, such as invoices, receipts or purchase orders for bus passes purchased in May 2006, totaling \$1,727.
- TCCF inappropriately billed CSS \$264 in FY 2005-06 for FY 2004-05 expenditures.
- TCCF inappropriately billed CSS \$52 for food incentives provided to the program participants. WIA guidelines prohibit WIA Program providers from distributing non-monetary incentives, such as food, to the participants.

**Recommendations****TCCF management:**

29. Repay CSS \$2,043.
30. Ensure that the expenditures billed to CSS are allowable expenditures under regulatory guidelines.

**PRIOR YEAR FOLLOW-UP****Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

**Verification**

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued in December 2006.

**Results**

The prior year's monitoring report contained 21 recommendations. At the time of our review, TCCF had implemented three recommendations. As previously indicated, findings similar to 15 recommendations contained in this report were also noted during the prior year's monitoring review. The remaining three recommendations required the Agency to repay DCSS \$2,635 and implement the outstanding recommendations from FY 2004-05 monitoring report which required the Agency to provide supporting documentation. TCCF management indicated that they will repay CSS \$2,635 and implement the outstanding recommendations in FY 2007-08.

**Recommendations****TCCF management:**

- 31. Repay CSS \$2,635.**
- 32. Implement the outstanding recommendations addressed in this report and FY 2004-05 monitoring report.**

*The Community College Foundation*

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December 5, 2007

J. Tyler McCauley  
Auditor-Controller  
County of Los Angeles  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
1000 S. Fremont Avenue, Suite #51  
Alhambra, CA 91803

Dear Mr. McCauley:

Please find enclosed our response to the report dated November, 2007 regarding the on-site review of our Workforce Development Program contract with the County of Los Angeles Community and Senior Services (CSS).

We appreciate the opportunity to provide our corrective action report for each finding. A description of the action we will be taking to prevent these findings in the future can be found below.

**Eligibility-** TCCF will ensure for FY 07-08 that all eligible participants have appropriate documentation of proof of eligibility in their case files. TCCF case managers will be re-trained on WIA proper procedures and guidelines for collecting documentation to support eligibility. The files will go through an internal audit to ensure proper documentation is in files.

**Billed Services/Client Verification-** TCCF will ensure for FY 07-08 that staff complete and discuss the ISS plans with all participants on at least a monthly basis. TCCF will ensure that each participant is administered a post assessment within one year of their pre assessment. The case managers will be sure to input all services into the JTA system and will ensure that all participant activity will be properly recorded.

**Cash/Revenue-** TCCF will ensure that our bank reconciliations are signed by the reviewer. TCCF has requested from DCSS formally in October, 2006 to have the two signature requirement for checks, reduced to one, as of today's date we have had no response. TCCF will ensure that our accounting manual procedures comply with the contract. TCCF will ensure that all cash receipts journal accurately reflect cash receipts and are recorded when payments are received.

**Expenditures/Procurement-** TCCF will not bill services from past FY, we will only bill for services within the current FY. TCCF will ensure that all invoices are substantiated with proper supporting documentation for all expenditures. We will ensure that expenses are program related.

The Community College Foundation

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**Internal Controls-** A WIA program procedure manual has been developed for the staff and will be accessible for their use; it will include program procedures all WIO staff will be required to read this manual for FY 07-08. A child abuse prevention policy will be signed by all staff and placed in their personnel record. All invoices will be marked "paid" once they have been paid in FY 07-07.

**Fixed Assets and Equipment-** TCCF will obtain written approval for the equipment purchased in the last quarter of FY 06-07. TCCF will place county tags on the purchased equipment. TCCF will update the equipment inventory. TCCF will not make purchases in the last months of the contract without written approval from CSS.

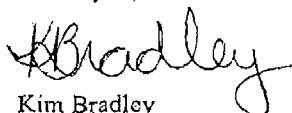
**Payroll and Personnel-** For FY 07-08, TCCF will provide timecards with documentation of proof that the employee is allocated to the WIA program. All personnel records will be kept up to date.

**Cost Allocation Plan-** TCCF will request written approval to move funds from category to another in the future and ask for FY 06-07. TCCF staff will attend the training for the CAP, in order to ensure we are properly allocating expenses based on the CAP.

**Prior Year Follow Up-** TCCF will pay the outstanding balance of \$2,636 from FY 04-05; this was a human error, as our accounting department thought it was paid. This payment can be expected within 60 days.

TCCF would like to thank Yoon Bae for taking the time with me to discuss the findings in detail. Please let me know if I have missed anything or if you have any questions, and I will attempt to address it as soon as possible.

Thank you,

A handwritten signature in black ink that reads "Kim Bradley". The signature is stylized with a large, looped "K" and a cursive "Bradley".

Kim Bradley  
Program Director  
Youth Programs